

(800) 473-6757

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Information
Center

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any story in this
newsletter
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state and federal
student financial
assistance programs.

(573) 751-3940

September 2000



Missouri Student Assistance Resource Services

MOSTARS is a division of the Missouri Department of Higher Education.

PLUS Master Promissory Note Submitted for USDE Approval

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**FFEL
Program**

The student loan industry has submitted a final draft of a Master Promissory Note package for Federal PLUS loans to the U.S. Department of Education for approval. The time frame for completion of the approval process cannot be predicted; however, industry representatives responsible for the draft hope the USDE and the Office of Management and Budget will grant approval as early as the second quarter of 2001. Based on that schedule, implementation is proposed for periods of enrollment beginning on or after July 1, 2002.

While many aspects of the Federal PLUS MPN forms and procedures are likely to be similar or identical to the Federal Stafford Loan MPN, there are notable differences. Some key features of the proposed Federal PLUS MPN are outlined below.

Format and Content

Like the Federal Stafford Loan MPN, the Federal PLUS MPN process

incorporates a separate School Certification, which will include student information. As a result of the 1998 reauthorization changes, the school will not be required to certify estimated financial assistance, expected family contribution or cost of attendance. A feature of the Federal PLUS MPN that distinguishes it from the Federal Stafford Loan MPN is active confirmation—a specific requested loan amount must be entered on the School Certification. It is anticipated that a school may solicit this information from the parent borrower or establish a cooperative procedure with a lending partner to determine the borrower's requested loan amount.

Like the Federal Stafford MPN, deferment of the borrower's eligible loans, authorization for capitalization of accrued interest and release of funds transferred to the school electronically have been modified

In this issue

Q & A	2
Lender Reporting Tips	4
MOSTARS Logo/Link Available for Web	4
Lender Processing of Enrollment Changes	5
Missouri Student Financial Assistance Programs	6
Eligible Lender List Changes	7
Staff News	8

See PLUS Master Promissory Note, page 3



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This portion of the **MOSTARS** newsletter includes questions and answers regarding topics MOSTARS clients bring to our attention.

If you happen to see one of your questions published, give yourself a pat on the back for asking a question that may benefit other clients.

In addition, if you think there is a need for a published clarification on a particular topic, contact the **MOSTARS Information Center at (800) 473-6757 or (573) 751-3940** to discuss the topic. We may include the question in a future issue of **MOSTARS**. ★

Since my school is using the Mapping Your Future electronic exit counseling, do I still need to forward the exit counseling information to the MSLP?

Yes. The Mapping Your Future counseling does not have a vehicle for transmitting the borrower's updated reference or employment information to the guaranty agency, though such a vehicle is being tested. The financial aid office should print the information and mail it to the guaranty agency within 60 days of the interview.

What procedures should be followed if a borrower signs the promissory note with a name that conflicts with the lender's records or with Item 1 of the Master Promissory Note?

If a borrower signs the promissory note with a conflicting name from the lender's records or Item 1 on the MPN, the lender must resolve the conflicting documentation before disbursing the funds. For example, if the borrower marries, the lender must obtain as documentation the borrower's marriage license, social security card or driver's license.

Citation: Common Manual 6.1.A.

What procedures should be followed if a borrower traces over their signature in the promissory note section of the MPN?

If the borrower traces over the signature on the MPN and the lender questions the signature, the MSLP recommends the lender obtain a new promissory note.

What procedures should be followed if the borrower signs the promissory note with a diminutive of their first name?

Lenders can use their best judgment on whether to allow borrowers to sign the MPN with diminutives of their first names (for example, if the borrower's first name is Robert and he signs the note as Bob).

Also, the MSLP issued guidance in a letter on May 3, 1991, stating that the MSLP accepts borrowers' use of initials for their first and middle names (for example, if the borrower's name is Robert P. Smith and he signs the note R. P. Smith).

What procedures should be followed if the borrower leaves the date blank on the MPN?

The April 1998 FFELPfacts newsletter states that effective March 1, 1998, the MSLP will not routinely reject claims when the borrower signature date on the application or promissory note is missing, incomplete, illegible or invalid. The borrower may properly correct the signature date on the application by lining through the incorrect date, writing the correct date above or to the side and initialing the change.

In addition, the Common Manual clarifies that if the borrower signature date is blank or erroneous, the lender may use the lender receipt date of the MPN as the date to track expiration of the note.

Citations: Common Manual 6.1.C.
FFELPfacts Newsletter, April 1998

When are schools required to recalculate the cost of attendance used to certify a FFEL Program loan when a student's enrollment status changes from full time to at least half time?

For Federal Family Education (and Direct) Loan Program loans, the school is not required to recalculate the COA when a student's enrollment changes after the loan is certified, provided the student's enrollment does not drop below half time. Please note that different requirements may apply to other Title IV programs.

A school may choose to monitor a student's enrollment for reductions in enrollment, adjusting the COA and FFEL Program funds accordingly. A school that chooses this option should document this practice in its policies and apply the policy consistently.

Source: Dear Colleague Letter GEN-90-33, dated September 1990, Q/A #73.

Q #73: Does the new provision of 428G(d) of the Higher Education Act regarding overawards of Stafford and Stafford Loans apply to overawards resulting from a reduction in the student's cost of attendance due to a change in enrollment or program of study?

A #73: Since an institution may, but is not required to, adjust costs based on a student's change in enrollment or program after a student has been awarded Title IV aid, it is not required to identify overawards resulting from these changes.

MOSTARS appreciates the assistance of the National Association of Student Financial Aid Administrators in confirming the answer to this question. ★



For Your Convenience

An information box indicating subject matter accompanies each article in this newsletter. This box also contains the name of the article's contact person (where applicable) and his or her phone number and e-mail user ID. The formula for e-mail addresses at MOSTARS and the Missouri Department of Higher Education is as follows:

USER ID@admin.mocbhe.gov

Remember, you also can contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940.

PLUS Master Promissory Note, from page 1

from a check-box format into statements that facilitate the borrower's authorization through his or her signature on the MPN. An added data element on the promissory note is e-mail addresses for the borrower and two required references.

MPN Use

As with the Federal Stafford Loan MPN, all FFEL Program participants will be required to use the new note and its accompanying USDE-approved documents. But the proposed Federal PLUS MPN process is different from the Federal Stafford Loan MPN in two ways. It is anticipated that all schools will be permitted to use the serial loan feature of the MPN unless the USDE excludes specific schools from eligibility. Using a single, valid Federal PLUS MPN, multiple loans may be made for multiple loan periods and multiple dependent students, even though the borrower's dependents may attend different schools. For serial loans made under the Federal PLUS MPN, required borrower credit checks will be performed for each new loan period, not for each promissory note.

Like the Federal Stafford Loan MPN, a parent borrower would not be required to sign a new Federal PLUS MPN

except when the borrower's lender changes, when the borrower revokes the lender's right to make additional loans under an existing MPN or when the term of the MPN expires—10 years after the original MPN was signed. Schools may still choose between certifying serial loans or requiring a new promissory note for additional loans.

The Federal PLUS MPN will be accompanied by a separate School Certification; an Endorser Addendum, if required; Borrower Rights and Responsibilities; a Plain Language Disclosure for dissemination to serial loan borrowers and instructions for completing the forms. The USDE is expected to release a Dear Colleague Letter with implementation guidance to accompany publication of the approved forms.

MOSTARS will monitor additional developments on the Federal PLUS MPN approval process. Any announcements confirming Federal PLUS MPN approval and implementation will be published in a future issue of the MOSTARS newsletter. ★

MSLP Offers Lender Reporting Tips

FFEL Program

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In an effort to reduce the number of loans appearing on the Unreported Loans Report and the resulting National Student Loan Data System error codes, the Missouri Student Loan Program offers the following tips for reporting loan status.

Tip #1

There are two methods for reporting a loan was paid-in-full (by the borrower or consolidation) to the NSLDS through the MSLP:

Option 1

A. Report the change in loan status by performing loan maintenance using CLIPS, electronic submission or the paper Loan Status Update Form (Form 8). If the loan was paid in full by consolidation, indicate whether it was a Federal Family Education Loan or a Direct Consolidation Loan.

AND

B. Report the change in principal balance and the change in accrued interest balance via the lender manifest reporting process. The balances must be reported as zero with the effective date of the balances being the date the loan was paid in full or the most recent quarter ending date.

Option 2

A. Use the Code for Loan Status and Date of Loan Status fields to report the loan status as paid in full. For loans paid in full by the borrower, the lender should use the PF loan status code. For loans paid in full by consolidation, use the PC loan status code.

AND

B. Report the changes in the principal and the accrued interest balances via the lender manifest reporting process.

Tip #2

Use the following steps to report a canceled loan to the NSLDS through the MSLP.

A. Report the change in loan status by performing loan maintenance using CLIPS, electronic submission or the paper Loan Status Update Form (Form 8).

AND

B. Report the changes in the principal and the accrued interest balances via the lender manifest reporting process.

Tip #3

On the last day of the quarter, the holder of a loan is responsible for reporting the loan on its lender manifest for that quarter. If a loan is sold during the quarter, the purchasing lender is responsible for the lender manifest reporting.

Tip #4

While lenders are required to report via the lender manifest process on a quarterly basis, lenders are strongly encouraged to report more frequently—at least once a month. This enables the MSLP to provide the most current data to the NSLDS. ★

MOSTARS Logo/Link Available for Web

Several postsecondary institutions and lending partners have contacted MOSTARS recently, asking if they may create a link to MOSTARS' web site from their site. Any entity wishing to link to the Missouri Department of Higher Education web site (www.mocbhe.gov) may do so without express permission. In addition, MOSTARS encourages financial aid personnel to copy the MOSTARS logo (on the front

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**MOSTARS
News**

cover of this newsletter) to their site, using the logo to link directly to the MOSTARS site (www.mocbhe.gov/mostars/finmenu.htm).

If you would like a copy of the four-color MOSTARS logo (available in a TIF format via e-mail), contact CariAnne Cutshall at (800) 473-6757 or (573) 522-2008, or by e-mail at carianne.cutshall@mocbhe.gov. ★

Lender Processing of Enrollment Changes

FFEL Program

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In the May 2000 MOSTARS newsletter, the MSLP detailed guarantor-specific exceptions to policies found in the July 2000 Common Manual. The MSLP's policy exception to Common Manual subsections 7.3.A. and 7.3.B. states that the MSLP requires a lender to verify, in written or electronic format, any report of a new or changed out-of-school date received from a source other than the school. A lender may accept a written or electronic report of a new or changed out-of-school date from a source other than the school only when the school clearly is identified as the contributor of the information and a school certification date is provided. Similarly, the MSLP requires lenders to provide the identity of the school and the school's certification date with any out-of-school date the lender reports to the MSLP (see the July 1998 FFELPfacts).

Historically, the MSLP has required its participating lenders to obtain written verification of student enrollment data used to establish an out-of-school date. This is more stringent than Common Manual policy, which permits a lender to accept a borrower's verbal or written report of an enrollment status change that shortens the in-school period. Additionally, Common Manual policy is more permissive because it allows a lender to confirm a borrower's report of an enrollment status change that lengthens the in-school period via telephone contact with the school. If confirmation is obtained from a school by telephone, Common Manual policy requires the lender to document its servicing history including, at minimum, the date confirmation was received, the name and title of the school official providing the information and a summary of the information received (such as enrollment status and the exact dates of attendance).

Effective immediately, the MSLP will permit its participating lenders to obtain enrollment status information from a school by telephone, provided the information required by Common Manual subsection 7.3.A. is obtained and retained in the lender's servicing history. The MSLP places no restriction on when the lender previously may have used the guidance in Common Manual subsection 7.3.A. to obtain enrollment

data that was used to process a deferment or establish an out-of-school date on a loan guaranteed by the MSLP. In all cases, the MSLP's participating lenders are encouraged to confirm enrollment change information through written or electronic communication with schools. If a participating lender and the MSLP have conflicting out-of-school date information, the MSLP may require a lender to provide a school's written enrollment verification to resolve the discrepancy.

Lenders that report out-of-school date information to the MSLP must continue to provide the identity of the school certifying the data and the school certification date, even when the lender confirms data with a school by telephone. In that case, the MSLP considers the date of the lender's conversation with the school official, as recorded in the lender's servicing history, to be the school certification date.

The MSLP believes reliance on schools as the single data provider is essential to the integrity of out-of-school date information. For that reason, the MSLP requires its participating lenders to record and report the identity of the school and the school's certification date with any out-of-school date. This also is the rationale for restricting the lender's use of third-party reports (from sources other than schools) of new or changed out-of-school dates to those that identify a school as the contributor and provide a school certification date. The MSLP's participating lenders may not act upon or report to the MSLP a new or changed out-of-school date received from a borrower without obtaining confirmation that originates with the applicable school. For this purpose, the lender may contact the school directly or obtain confirmation from a third party that provides the data elements the MSLP requires (school identity and school certification date). The National Student Loan Clearinghouse is an example of such a third party. The MSLP also will continue to verify borrower reports of enrollment status changes through data obtained from the applicable school before updating its system or reporting new enrollment information to its lender participants. ★

Missouri Student Financial Assistance Programs

Department of Agriculture

P.O. Box 630
Jefferson City, MO 65102
Contact: Gene Wiseman
(573) 751-5618

♦ Agriculture Scholarship Program

Department of Elementary and Secondary Education

P.O. Box 480
Jefferson City, MO 65102
Contact: Laura Harrison
(573) 751-1668

♦ Robert C. Byrd Honors Scholarship Program ♦ Missouri Teacher Education Scholarship Program ♦ Minority Teaching Scholarship Program

Contact: Willard Worts
(573) 751-1394
<http://www.dese.state.mo.us>
♦ A+ Schools Program

Division of Vocational & Adult Education
Contact: Rick Stokes
(573) 751-2660
♦ Veterans' Benefits

Division of Vocational Rehabilitation
3024 West Truman Boulevard
Jefferson City, MO 65109
Contact: Ron Vessell
(573) 751-3251
<http://www.dese.state.mo.us>
♦ Assistance for Students with Physical and/or Mental Disabilities

For information on federal student financial assistance programs, contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940, or visit our web site at www.mocbhe.gov.

Department of Economic Development

Division of Job Development and Training
P.O. Box 1087
Jefferson City, MO 65102
(888) 447-2695
<http://www.ecodev.state.mo.us>
Federal Job Training Partnership Act
♦ Employment and Training Program

Department of Health

Bureau of Health Systems Research and Development
P.O. Box 570
Jefferson City, MO 65102
Contact: Harold Kirby
(800) 891-7415 or (573) 751-6219
♦ Missouri Professional and Practical Nursing Student Loan Program
♦ Physicians Student Loan Repayment Program
♦ Primary Care Resource Initiative for Missouri (PRIMO) Loan Program
♦ Missouri Nurse Loan Repayment Program

Department of Higher Education

P.O. Box 6730
Jefferson City, MO 65102
Contact: MOSTARS Information Center
(800) 473-6757 or (573) 751-3940
<http://www.mocbhe.gov>
♦ Advantage Missouri Program
♦ "Bright Flight" Scholarship Program
♦ Charles Gallagher Student Financial Assistance Program
♦ Marguerite Ross Barnett Memorial Scholarship Program
♦ Midwest Student Exchange Program
♦ Missouri College Guarantee Program
♦ Public Service Officer or Employee's Child Survivor Grant Program
♦ Vietnam Veteran's Survivor Grant Program
♦ Federal Consolidation Loan Program
♦ Missouri Student Loan Program
→ Subsidized Federal Stafford Loan Program
→ Unsubsidized Federal Stafford Loan Program
→ Federal Parent Loan for Undergraduate Students (PLUS) Program

Department of Natural Resources

Environmental Educational Programs
P.O. Box 176
Jefferson City, MO 65102
Contact: Wilma Partee
(573) 751-2518
♦ Minority and Underrepresented Environmental Literacy Program

Department of Social Services

Division of Family Services / Rehabilitation Services for the Blind
P.O. Box 88
Jefferson City, MO 65103
Contact: Sally Howard
(800) 592-6004 or (573) 751-4249
<http://www.dss.state.mo.us>
♦ Assistance for Students Who Are Visually Impaired or Blind

National Guard Association

2302 Militia Drive
Jefferson City, MO 65101
Contact: Colonel Michael Egbert
(800) 972-1164 or (573) 638-9632
<http://www.mong.org>
♦ Missouri Educational Assistance Program
♦ Missouri National Guard Association Auxiliary Scholarship Program
♦ Missouri National Guard Assistant Scholarship Program

Office of the State Treasurer

P.O. Box 66797
St. Louis, MO 63166-6797
(888) 414-6678
<http://www.missourimost.org>
♦ Missouri Saving for Tuition (MO\$T) Program

Rural Missouri, Inc.

1014 Northeast Drive
Jefferson City, MO 65109
Contact: Lynn Hatfield
(800) 234-4971 or (573) 635-0136
Workforce Investment Act
♦ Farmworker Assistance Program

Eligible Lender List Changes

Clients who use the Missouri Student Loan Program Combined Eligible Lender List should make note of the following changes. New lists are printed upon request, so your list may reflect these changes. Refer to the effective dates of the changes and compare them to the date listed in the lower left corner of your list to determine whether you should pencil in these changes.

Added

College Loan Corp/Bank One c/o UNIPAC, OE 833733-00
Participation Categories: Sub, Sub Pre, Unsub, Unsub Pre, PLUS
 Added July 5

Changed

Wells Fargo Education Financial Services, OE 807176-00 & -50
Added Participation Category: PLUS Pre
 Changed July 19

Commerce Bank of St. Louis, OE 813979-01 & -50
New Name: Commerce Bank, N.A.
 Changed July 27

Commerce Bank of Poplar Bluff, OE 814011-00
Commerce Bank of St. Louis, OE 824137-00
Commerce Bank of St. Louis, OE 813979-00
Commerce Bank of St. Louis County, OE 806912-00
Commerce Bank of St. Louis, NA, OE 806808-00
New FICE Lender Name: Commerce Bank, N.A.
 Changed July 27

Commerce Bank N.A., OE 806886-00
Commerce Bank of Barry County, OE 806769-00
Commerce Bank of Bolivar, OE 806824-00
Commerce Bank of Chesterfield, OE 825626-00
Commerce Bank of Florissant, OE 826882-00
Commerce Bank of Hannibal, OE 815522-00
Commerce Bank of Harrisonville, OE 806797-00
Commerce Bank of Jefferson County, OE 827488-00
Commerce Bank of Joplin, OE 806795-00
Commerce Bank of Lebanon, OE 806913-00
Commerce Bank of Lexington, OE 806877-00
Commerce Bank of Springfield, OE 813758-00
Commerce Bank of Tipton, OE 823604-00
Commerce Bank of Webster Groves, OE 814004-00
New FICE Code: 813979-01
New FICE Lender Name: Commerce Bank, N.A.
 Changed July 27

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Participation Lists

To request an MSLP Combined Eligible Lender List, call the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940.

For more information, refer to the August 1998 issue of FFELPfacts. You can view a sample of the list in the October 1998 issue of the MOSTARS newsletter.

The list also is available on the MOSTARS web site at www.mocbhe.gov/mostars/Indrlist.pdf. ★

**Order MOSTARS
 publications,
 MPNs and
 MSLP forms
 online at
www.mocbhe.gov**

A Fond Farewell to Karen Misjak

Karen Misjak resigned as director of MOSTARS, effective Aug. 4, after 13 years with the Missouri Department of Higher Education.

Karen began her career at the DHE as a student financial aid associate and was appointed senior associate and subsequently director of the Missouri Student Loan Program. With the formation of MOSTARS in October 1997, Karen was named director of MOSTARS. Before joining the DHE, she was employed as a loan officer at Century State Bank in Columbia.

Karen served on the board of the National Council for

Staff News

Higher Education Loan Programs and was involved with several regional and national student assistance organizations. She has served on the Missouri Association of Student Financial Aid Personnel executive board. MASFAP presented Karen with the Missouri Award in fall 1997, the organization's highest award, for her dedication to student assistance in Missouri.

We wish Karen the best. We'll miss her patience, hard work, dedication to the financial aid community, and commitment to the MOSTARS staff! ★

The Missouri Department of Higher Education makes every effort to provide program accessibility to all citizens without regard to disability. If you require this publication in an alternate form, contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. Hearing/speech impaired can call (800) 735-2966.

Coordinating Board for Higher Education
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Jefferson City, MO 65109

FIRST CLASS

MOSTARS, a division of the Missouri Department of Higher Education, publishes this newsletter to inform Missouri's financial aid community of current issues concerning the Missouri Student Loan Program and the Missouri student financial assistance programs.

Mr. Lynn Ewing, Jr.....CBHE Chair

Dr. Kala M. StroupCommissioner
of Higher Education

Mr. Dan Peterson.....Interim MOSTARS Director

Insert for September 2000 MOSTARS Newsletter

Veteran Discharge Determinations

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**FFEL
Program**

For a Title IV Student Financial Assistance applicant whose veteran status cannot be confirmed on the U.S. Department of Veteran's Affairs Veterans Status Match, the Guide to the 2000-01 SARs and ISIRs, Appendix B, page B-12, provides the following information concerning resolution: "The student may provide the DD214 form showing that the terms of the separation from military service are under conditions other than dishonorable and separation reason is satisfactory." Schools have questioned how "satisfactory" separation is determined.

MOSTARS has received information from the U.S. Department of Education clarifying that schools are not required to

determine the "separation reason." Section 480(c)(1) of the Higher Education Act, as amended, defines a veteran as "...any individual who (A) has engaged in the active duty in the United States Army, Navy, Air Force, Marines or Coast Guard and (B) was released under a condition other than dishonorable." If the student was a member of the U.S. Armed Forces and the basis for his or her discharge from the military is undetermined or anything other than dishonorable, the student may qualify as a veteran and an independent student for the purposes of Title IV Student Financial assistance, providing all other requirements are met. ★

Collection of Campus Crime Statistics

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USER ID: carolyn

**FFEL
Program**

Dear Colleague Letter GEN-00-11 announced that the U.S. Department of Education will begin collecting campus crime statistics from schools electronically, using the World Wide Web.

As a condition of continued participation in Title IV Student Financial Assistance Programs, schools are required by law to collect and publish information about the school's security policies and campus crime statistics. The purpose of this disclosure is to give prospective and current students information to help them make decisions about their potential or continued enrollment at a postsecondary school. Prospective students, staff and the public use the information to assess a school's security policies and the level and nature of crime on its campus. In addition, schools

are required to make an annual campus crime data submission to the USDE. The Higher Education Amendments of 1998 require the USDE to review the data, submit a report to Congress, and make campus crime data submissions available to the public.

The USDE has announced the following schedule for implementing the procedure to electronically collect campus crime statistics from schools:

Aug. 5, 2000: The USDE mailed User IDs and passwords to schools.
Aug. 15, 2000: Online registration and data collection began.
Oct. 15, 2000: Data collection closes.
Dec. 15, 2000: The USDE must complete its report to Congress.

The USDE will provide opportunities for schools to receive technical

assistance needed to complete the data collection form on the Internet. In the Aug. 5 mailing, schools should have received User IDs, passwords, the URL for detailed online instructions for completing the reports, and a toll-free telephone number for inquiries. The DCL GEN-00-11 identifies a USDE contact person for questions: David Bergeron, (202) 502-7815, david_bergeron@ed.gov.

Since schools only have until Oct. 15 to complete campus crime statistics reporting to the USDE, any school that has not received the required User ID, password, or other data necessary to obtain technical assistance in completing the report is strongly encouraged to contact the USDE at the telephone number or e-mail address above as soon as possible. ★